

 COPY

BLIMPIE OF CALIFORNIA, INC.
MINUTES OF SHAREHOLDER'S MEETINGt
HELD AT: 145 Huguenot Street
New Rochelle, New York
October 8th, 2007

ATTENDEES:

JEFFREY K. ENDERVELT
Chief Executive Officer

KEVIN FRITZ, ESQ.,
as proxy for shareholder
Spencer Gillette

STEVEN SLEDZIK, ESQ.
Attorney for Blimpie of
California

DORA RICCI,
Director and Secretary

J&L REPORTING SERVICE
of Westchester, Inc.
200 East Post Road
White Plains, New York 10601
914-682-1888
Lisa Regen, Court Reporter

1
2 MR. ENDERVELT: I call the
3 meeting to order. First of all I
4 want to note that there is a quorum
5 present. Mr. Fritz is present,
6 representing Spencer Gillette. I'm
7 representing Mrs. Endervelt, as Power
8 of Attorney.

9 This meeting a called pursuant
10 to notice that was given on August
11 30th, 2007. There is a stenographer
12 present to record the minutes of the
13 meeting.

14 The first order of business is
15 to vote upon two resolutions. Mr.
16 Fritz is here as proxy for
17 shareholder Spencer Gillette.

18 The first resolution that is
19 going to come before the stockholders
20 today is a resolution that reads and
21 you have it there, resolved that all
22 loans and advances by the Corporation
23 to officers, directors, and or
24 shareholders as set forth on the
25 spreadsheet, as amended, and provided

1
2 to the Stockholders or their
3 representatives, for the period
4 January 1st, 2002 to the present, are
5 hereby ratified and confirmed and
6 that these advances shall bear
7 interest at the rate of six percent
8 and shall be due upon demand.

9 That being said, we'll open the
10 floor to questions to the chairman
11 for five minutes.

12 MR. FRITZ: First on behalf of
13 Spencer Gillette, I'll note for the
14 record that pursuant to Article 2,
15 Section A, of the bylaws, we object
16 to this discussion and vote on the
17 loans on the grounds that the
18 relevant documentation underlying the
19 loans was not provided to us either
20 previously or at this point.

21 We set forth our request not
22 only in the spring and through our
23 document requests as part of the
24 litigation, but also in your letter
25 dated September 18th, 2007.

1
2 Also, note for the record that
3 under Section 315, of the California
4 Corporate Code, the votes of an
5 officer or director do not count when
6 approving a transaction such as the
7 one that is currently pending.

8 We believe that Mr. Endervelt
9 is improperly using his Power of
10 Attorney over the majority
11 shareholders' shares to approve what
12 he is classifying as loans and what
13 we believe is simply income to
14 himself. And we believe that the
15 votes of Ms. Endervelt or Belle
16 Endervelt, Jeffrey Endervelt's
17 mother, should not be counted.

18 We believe that the loans are
19 improper in that they give no benefit
20 to the corporation. We believe that
21 Mr. Endervelt is engaging in tax
22 fraud by classifying income as loans.

23 MR. ENDERVELT: Objection. If
24 you want to stick to what is relevant
25 to this shareholder's meeting, that

1
2 is fine. Independent comment that
3 you want to present in your lawsuit
4 is a different story.

5 MR. FRITZ: I would like to put
6 it on the record. Thanks.

7 MR. ENDERVELT: We're not going
8 to get into the personal stuff. That
9 is not relevant at this meeting.
10 Let's stick to the facts and any
11 questions you might have regarding
12 the facts.

13 MR. FRITZ: You said it was a
14 discussion.

15 MR. ENDERVELT: You're bringing
16 the same innuendo that you constantly
17 use without any basis whatsoever.
18 We're not going to get into a
19 diatribe about that. You have a
20 question about them, that is fine.
21 Let's leave the personal attacks out
22 of it.

23 MR. FRITZ: In the notice, you
24 said it was a discussion.

25 MR. ENDERVELT: Personal

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

attacks are different.

MR. FRITZ: We're setting forth
our basis --

MR. ENDERVELT: You have no
basis for that. It's nothing more
than an attempt to cloud the record
for your benefit. And let's just
move on.

MR. FRITZ: I'm going to finish
my statement. We believe that Mr.
Endervelt is engaging in.

MR. ENDERVELT: We're not going
to go --

MR. FRITZ: And he is
putting --

MR. ENDERVELT: I'm directing
this meeting. This is not a
deposition and I direct what goes in
and doesn't go in.

MR. FRITZ: We believe that as
a shareholder, we have a duty to
report Mr. Endervelt to the IRS for
this.

MR. ENDERVELT: Stop. Grow up,

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

would you please? The absurdity of
this kind of nonsense. You're
finished?

MR. FRITZ: I'm finished with
my statement.

MR. ENDERVELT: Do you have any
other questions?

MR. FRITZ: No, since we were
not given documents.

MR. ENDERVELT: You were not
given any documents?

MR. SLEDZIK: He was given the
spread sheet.

MR. FRITZ: Is there any
underlying documentation showing how
the loans were paid, what interest is
accruing? Is there a loan agreement?

MR. ENDERVELT: There are no
loan agreements.

MR. FRITZ: Is there any other
documentation?

MR. ENDERVELT: Other than
the --

MR. SLEDZIK: There are no

1
2 agreements with his client either.

3 MR. ENDERVELT: There are no
4 loan agreements, neither the loan I
5 got or Ms. Gillette got. There is no
6 agreements.

7 MR. FRITZ: I don't know what
8 you're referring to when you say the
9 money Spencer got.

10 MR. ENDERVELT: The ten
11 thousand six hundred eighty-four
12 dollars that Ms. Gillette took and
13 received in the company, the ten
14 thousand dollar check in 2002, which
15 Ms. Gillette made out to herself and
16 signed.

17 MR. FRITZ: Are you referring
18 to the payment of her salary as an
19 officer?

20 MR. ENDERVELT: No.

21 MR. FRITZ: Let me finish my
22 sentence, referring to the
23 approximately ten thousand dollars
24 that she received as her compensation
25 as an officer and director of Blimpie

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

International?

MR. ENDERVELT: No.

MR. FRITZ: You're saying this
separate --

MR. ENDERVELT: I'm talking
about Blimpie of California.

MR. FRITZ: You're stating this
ten thousand dollars was not for her
salary.

MR. ENDERVELT: That's correct.
There is also another ten thousand
four hundred dollars that was given
to Ms. Gillette in '04. We're not
quite sure what that is for. We're
trying to figure it out. We'll give
you copies of the checks, one of
which Ms. Gillette made out to
herself.

MR. FRITZ: I also note for the
record that someone else on several
situations, someone else signed Ms.
Gillette's name to checks.

MR. ENDERVELT: Who would that
other person be?

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

10

MR. FRITZ: She doesn't know.

MR. ENDERVELT: It's either
Cynthia Gillette or Ava Sumpter, her
sister.

MR. FRITZ: What about you?

MR. ENDERVELT: Counsel, you
must be desperate. Our signatures
are not in the same ball game. That
is pretty desperate tactics. We have
copies of the checks and or not -- in
some cases we don't have copies of
checks. We have copies of checkbook
stubs, because we were not able to
find them. You can have those.

MR. SLEDZIK: Off the record.

(Off-the-record discussion.)

MR. ENDERVELT: Any further
questions?

MR. FRITZ: Can you explain the
purpose of the loans?

MR. ENDERVELT: They were
advances made to me and Ms. Gillette
during the period of time in
question, mostly because we could not

1
2 -- we were not taking anything as
3 salary in those days. The company
4 couldn't afford to pay me a salary.

5 If the company needed money,
6 the only one who is going to provide
7 the money is me or my mother. No one
8 else is putting up money in this
9 company. No one else has. And so,
10 if we had to repay it, we needed to
11 be able to repay it because if the
12 company's net worth goes below zero,
13 it won't get proof from Ufox and
14 State of California. So I have to
15 put money back into the company. So
16 we just took it as advances. I have
17 repaid it since then.

18 MR. FRITZ: I'm a little
19 unclear about something. How does
20 the corporation benefit by advancing
21 you money?

22 MR. ENDERVELT: Because it is
23 not paying me a salary which it
24 couldn't afford to pay.

25 MR. FRITZ: Can it not pay you

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

a salary?

MR. ENDERVELT: Are you working
for nothing?

MR. FRITZ: No.

MR. ENDERVELT: Me neither.

MR. FRITZ: My salary isn't
being discussed here.

MR. ENDERVELT: I'm not working
for nothing.

MR. FRITZ: My understanding is
you needed an advance because you
didn't want to work for nothing.

MR. ENDERVELT: The company
gave me an advance because I
requested it.

MR. FRITZ: How does the
corporation benefit from that?

MR. ENDERVELT: Because I'm
doing work for the corporation that I
have not charged them for.

MR. FRITZ: Is there someone
else that can run the corporation --

MR. ENDERVELT: No.

MR. FRITZ: Let me finish. Is

1
2 there someone else that can run the
3 corporation and not take an advance
4 or salary?

5 MR. ENDERVELT: Probably could
6 hire someone for seventy, eighty,
7 ninety, a hundred thousand dollars.

8 And the only way to pay that
9 person is if I put money into the
10 corporation to pay them.

11 MR. FRITZ: You have not done
12 that executive search --

13 MR. ENDERVELT: No, I have no
14 desire to do the executive search.
15 The stockholders are very happy with
16 me running the company.

17 MR. FRITZ: -- let me finish my
18 statement. You have no basis to
19 state there is not an individual out
20 there who would run this corporation
21 for free, without taking an advance
22 so to speak or a salary?

23 MR. ENDERVELT: So duly noted,
24 sir.

25 MR. FRITZ: I object to your

1
2 statement saying that the
3 shareholders want you as the director
4 and officer and executive. Ms.
5 Gillette does not.

6 MR. ENDERVELT: The majority
7 does. There being no further
8 questions?

9 MR. FRITZ: I have no further
10 questions.

11 MR. ENDERVELT: I'll have a
12 vote all those voting aye, signify
13 approval. Aye on behalf of Mrs.
14 Endervelt's counsel.

15 MR. FRITZ: Ms. Gillette votes
16 nay and notes that the votes of Mr.
17 Endervelt for Mrs. Endervelt, under
18 California law, do not count. It's
19 our understand the vote fails.

20 MR. ENDERVELT: Vote as the
21 next resolution; resolved that all
22 purchases, contracts, contributions,
23 compensations, acts, proceedings,
24 elections, appointments and advances
25 by the Board of Directors during the

1
2 period January 1, 2002 to June 30,
3 2007, and all acts of the officers of
4 the Corporation for said period be
5 and the same are hereby ratified and
6 confirmed.

7 MR. FRITZ: Spencer Gillette
8 votes no, and notes that her votes
9 are the only ones that should count.
10 It's unclear because the purchaser
11 contracts, contributions,
12 compensation acts and other items
13 listed in this vote are unspecified.
14 So it's unclear as to whether or not
15 Belle Endervelt's vote should count.

16 MR. ENDERVELT: Duly noted. I
17 on behalf of Ms. Endervelt, vote yes.
18 The motion carries. No further
19 business to come before the meeting?
20 Motion to adjourn is made. All in
21 favor signify by saying aye. No
22 opposition. Meeting is adjourned.
23 Thank you very much.
24
25

CERTIFICATION

This is to certify that the foregoing
is a true and accurate of the Statement on
the Record as taken and transcribed by me.

A handwritten signature in cursive script, reading "Lisa Regen". The signature is written in dark ink and is positioned above a horizontal line.

Lisa Regen
Court Reporter